



DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-14-2023]

Foreign-Trade Zone 186; Application for Production Authority; Flemish Master Weavers; (Machine-Made Woven Area Rugs); Sanford, Maine

An application has been submitted to the Foreign-Trade Zones (FTZ) Board by the City of Waterville, Maine, grantee of FTZ 186, requesting production authority on behalf of Flemish Master Weavers (FMW), located within Subzone 186A in Sanford, Maine. The application conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.23) was docketed on February 28, 2023.

In 2016, the FMW facility (147 employees) received limited FTZ authority to produce machine-made woven area rugs using polypropylene and polyester yarns in privileged foreign (PF) status (19 CFR 146.41), which precludes inverted tariff benefits on those inputs (see 81 FR 51850, August 5, 2016).

In 2017, FMW requested authority to admit continuous filament polypropylene (CFPP) yarn in nonprivileged foreign (NPF) status (19 CFR §146.42) (B-28-2017, 82 FR 26434, 6/7/2017). That request was approved subject to the following restrictions: 1) the annual quantitative volume of CFPP yarn that FMW may admit into Subzone 186A under NPF status was limited to 3 million kilograms; and 2) approval was limited to an initial period of five years, subject to extension upon review (Board Order 2071, 83 FR 54709, 10/31/2018).

In 2022, in a notification proceeding, FMW requested to remove the restriction requiring admission in PF status for CFPP yarn – to which FMW's operation would otherwise be subject beginning on October 25, 2023 (upon expiration of the time-limited authority approved in Board Order 2071). See B-33-2022, 87 FR 48149, August 8,

2022. In that case, the FTZ Board decided that further review was needed in the more detailed application process to allow adequate examination of current industry conditions facing U.S. CFPP yarn and woven area rug producers.

If approved, FMW would be able to choose the duty rates during customs entry procedures that apply to machine-made woven area rugs (duty free) for the foreign-status inputs noted below. FMW would be able to avoid duty on foreign-status components which become scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment. The request indicates that the savings from FTZ procedures would help improve the plant's international competitiveness.

Components and materials sourced from abroad (representing 65% of the value of the finished product) include: single and two-ply continuous filament polypropylene yarn (duty rates are 8.8% and 8% respectively). As requested, FTZ authority would be subject to a restriction limiting the annual quantitative volume of CFPP yarn that FMW may admit into Subzone 186A under NPF status to 3 million kilograms. The request indicates that certain materials/components are subject to duties under section 301 of the Trade Act of 1974 (section 301), depending on the country of origin. The applicable section 301 decisions require subject merchandise to be admitted to FTZs in PF status.

In accordance with the FTZ Board's regulations, Diane Finver of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings and recommendations to the FTZ Board.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary and sent to: ftz@trade.gov. The closing period for their receipt is **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. Rebuttal comments in response to

material submitted during the foregoing period may be submitted during the subsequent 15-day period to **[INSERT DATE 75 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the application will be available for public inspection in the "Online FTZ Information Section" section of the FTZ Board's website, which is accessible via www.trade.gov/ftz.

For further information, contact Diane Finver at Diane.Finver@trade.gov.

Dated: February 28, 2023.

Elizabeth Whiteman,
Acting Executive Secretary.

[FR Doc. 2023-04457 Filed: 3/3/2023 8:45 am; Publication Date: 3/6/2023]